



ECONOMIC DEVELOPMENT DISTRICT

Baker, Union and Wallowa Counties

(503) 963-2399

105 FIR STREET

SUITE 207

P.O. BOX 3197

LA GRANDE, OREGON

97850

Aug. 20, 1992

Osterloh's Originals
1000 Cedar
Elgin, OR 97827

RE: Financial Award for Water Service Extensions to Osterloh's
Originals

Rod and Russ:

I received a copy of a letter to the City of Elgin on the status of the above referenced award. I have included a copy for your review. The City of Elgin needs to make some formal statement to the Economic Development Department by Sept. 1, 1992 or the award will no longer be approved.

As you will recall, the City Council requested a business plan from you several months ago to determine the probability of success of your business. Because no business plan was received, no action by the city has been taken since that time.

I have agreed to set up a Council Meeting next week to review your business plan. It would help if this information could be made available at least one day before the meeting. I will try to set the meeting on Aug. 27 or 28 as per your request.

While I cannot guaranty a positive response from the council, I can assure you they won't take any action if you don't provide the information and attend the meeting. Even if some details are left unresolved, the City can tell the State they are still negotiating details and to reserve the award until all is ready.

I'll let you know about the meeting date, time, and place when available.

Sincerely,

Kevin J. Cooper, Executive Director

cc: Elgin City Council
Joe Garlitz, City Recorder

December 23, 1991

Honorable Rodney Spikes
Mayor of Elgin
P.O. Box 128
Elgin, Oregon 97827

ECONOMIC
DEVELOPMENT
DEPARTMENT

Subject: Special Public Works Fund (SPWF) Application No. LE9204
(\$40,000) Cedar Street Waterline

Dear Mayor Spikes:

We have given careful consideration to your application for SPWF funds to build a water line in Cedar Street to benefit Osterloh's Originals. We believe the project has merit, but in order for us to approve funding we must have additional commitments from the city in order to meet statutory requirements of the SPWF program.

Our engineering analysis indicates that construction costs may be somewhat higher than originally planned. We calculate that the project would be approximately \$60,600 rather than \$48,950. This is primarily because the estimate for the 10" water line appears to be quite low at \$16 per lineal foot. We believe it would be more realistic to use \$25 per foot. It is usually more prudent to estimate on the "high side" to avoid funding shortfalls. If it is assumed that the city will contribute \$8,950, the remaining amount to be financed would be \$51,650.

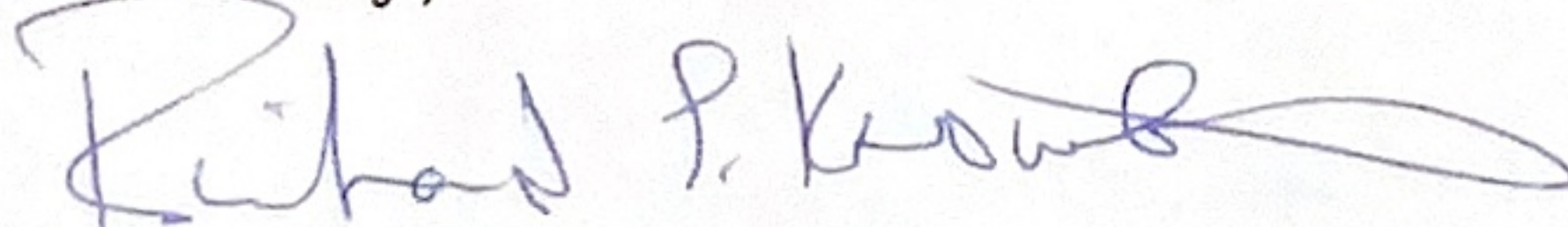
Our financial feasibility analysis indicates that the city water fund can service debt on a \$51,650 loan. This debt service would be approximately \$4,688 per year for 20 years at 6.50% interest.

Written confirmation must be provided, that the city will repay a loan for the proposed improvements from the city's water fund or another approved source the city might propose. This primary source of repayment must be backed by the limited tax general obligation of the city. The city may, of course, form a local improvement district to assess benefitted property owners to recover costs.

We are prepared to complete our review of your application within two weeks of receipt of the confirmation noted above.

If you have any questions, please call me at 378-3732, extension 365.

Sincerely,



Dick Knowles, Project Manager
Community Development Programs

lh:6843T

c: Jesse Smith
Kevin Cooper
Joe Garlitz

Barbara Roberts
Governor



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